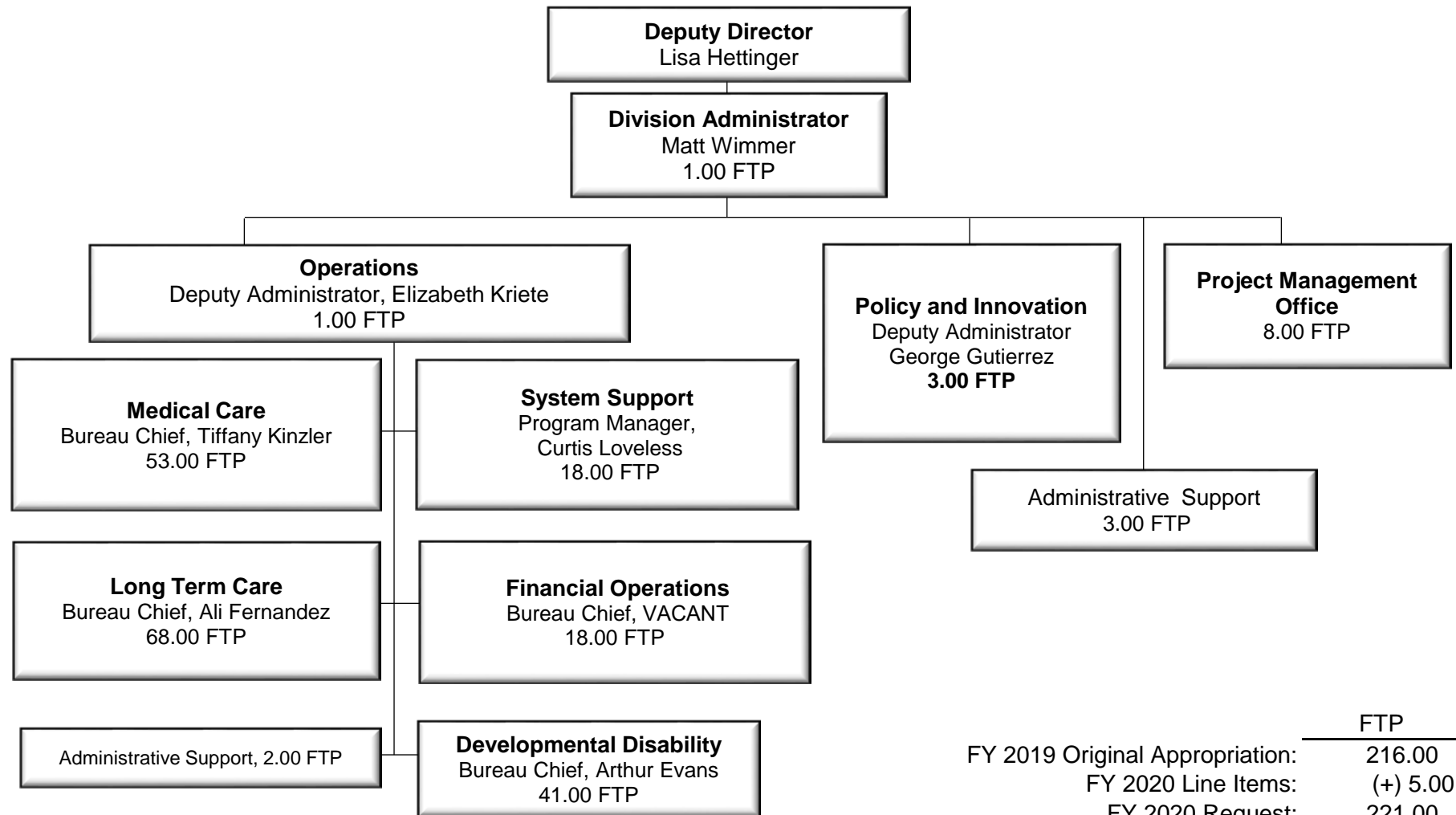


# Division of Medicaid Organizational Chart



Additional information on "What is Medicaid" can be found on pages 19-21 of the packet.

	FTP
FY 2019 Original Appropriation:	216.00
FY 2020 Line Items:	(+) 5.00
FY 2020 Request:	221.00
<i>* Governor Recommends 219.00 FTP</i>	
Vacant FTP:	18.00
(as of 1/08/2019)	

**Medicaid, Division of****FY 2018 Actual Expenditures by Division**

			FTP	PC	OE	CO	T/B	LS	Total
<b>0.30</b>	<b>FY 2018 Original Appropriation</b>								
	0220-03	Gen	0.00	6,395,900	7,621,300	0	517,886,700	0	531,903,900
	0219-00	Ded	0.00	0	0	0	30,000,000	0	30,000,000
	0220-05	Ded	216.00	0	8,883,800	0	289,186,500	0	298,070,300
	0220-02	Fed	0.00	9,890,600	37,370,100	0	1,378,073,700	0	1,425,334,400
	<b>Totals:</b>		216.00	16,286,500	53,875,200	0	2,215,146,900	0	2,285,308,600
<b>0.43</b>	<b>Supplementals</b>								
	0220-03	Gen	0.00	0	155,800	0	16,932,900	0	17,088,700
	0219-00	Ded	0.00	0	0	0	9,103,700	0	9,103,700
	0220-05	Ded	0.00	0	0	0	(25,000,000)	0	(25,000,000)
	0220-02	Fed	0.00	0	155,700	0	56,948,800	0	57,104,500
	<b>Totals:</b>		0.00	0	311,500	0	57,985,400	0	58,296,900
<b>1.00</b>	<b>FY 2018 Total Appropriation</b>								
	0220-03	Gen	0.00	6,395,900	7,777,100	0	534,819,600	0	548,992,600
	0219-00	Ded	0.00	0	0	0	39,103,700	0	39,103,700
	0220-05	Ded	216.00	0	8,883,800	0	264,186,500	0	273,070,300
	0220-02	Fed	0.00	9,890,600	37,525,800	0	1,435,022,500	0	1,482,438,900
	<b>Totals:</b>		216.00	16,286,500	54,186,700	0	2,273,132,300	0	2,343,605,500
<b>1.21</b>	<b>Net Object Transfer</b>								
	0220-03	Gen	0.00	0	(9,300)	9,300	0	0	0
	0220-05	Ded	0.00	0	(3,000,000)	0	3,000,000	0	0
	0220-02	Fed	0.00	0	(9,400)	9,400	0	0	0
	<b>Totals:</b>		0.00	0	(3,018,700)	18,700	3,000,000	0	0
<b>1.22</b>	<b>Net Object Transfer</b>								
	0220-03	Gen	0.00	(23,600)	(198,300)	0	221,900	0	0
	<b>Totals:</b>		0.00	(23,600)	(198,300)	0	221,900	0	0
<b>1.32</b>	<b>Net Transfer Between Programs</b>								
	0220-05	Ded	0.00	0	0	0	0	0	0
	<b>Totals:</b>		0.00	0	0	0	0	0	0
<b>1.33</b>	<b>Net Transfer Between Programs</b>								
	0220-02	Fed	0.00	0	0	0	0	0	0
	<b>Totals:</b>		0.00	0	0	0	0	0	0
<b>1.34</b>	<b>Net Transfer Between Programs</b>								
	0220-03	Gen	0.00	(20,000)	0	0	0	0	(20,000)
	<b>Totals:</b>		0.00	(20,000)	0	0	0	0	(20,000)
<b>1.39</b>	<b>Net Transfer Between Programs</b>								
	0220-03	Gen	0.00	0	0	0	0	0	0
	0220-05	Ded	0.00	0	0	0	0	0	0
	0220-02	Fed	0.00	0	0	0	0	0	0
	<b>Totals:</b>		0.00	0	0	0	0	0	0

# Medicaid, Division of

## FY 2018 Actual Expenditures by Division

			FTP	PC	OE	CO	T/B	LS	Total
<b>1.61</b>	<b>Reverted Appropriation</b>								
0220-03	Gen	0.00		(147,400)	0	(300)	0	0	(147,700)
0219-00	Ded	0.00		0	0	0	(3,687,600)	0	(3,687,600)
0220-05	Ded	0.00		0	(3,792,000)	0	(865,400)	0	(4,657,400)
0220-02	Fed	0.00		(97,600)	(1,333,200)	(400)	(16,753,600)	0	(18,184,800)
<b>Totals:</b>		0.00		(245,000)	(5,125,200)	(700)	(21,306,600)	0	(26,677,500)

### 2.00 FY 2018 Actual Expenditures

0220-03	Gen	0.00	6,204,900	7,569,500	9,000	535,041,500	0	548,824,900
Cooperative Welfare (General)			6,204,900	7,569,500	9,000	535,041,500	0	548,824,900
0219-00	Ded	0.00	0	0	0	35,416,100	0	35,416,100
Hospital Assessment			0	0	0	35,416,100	0	35,416,100
0220-05	Ded	216.00	0	2,091,800	0	266,321,100	0	268,412,900
Cooperative Welfare (Dedicated)			0	2,091,800	0	266,321,100	0	268,412,900
0220-02	Fed	0.00	9,793,000	36,183,200	9,000	1,418,268,900	0	1,464,254,100
Cooperative Welfare (Federal)			9,793,000	36,183,200	9,000	1,418,268,900	0	1,464,254,100
<b>Totals:</b>		216.00	15,997,900	45,844,500	18,000	2,255,047,600	0	2,316,908,000

### Difference: Actual Expenditures minus Total Appropriation

0220-03	Gen		(191,000)	(207,600)	9,000	221,900	0	(167,700)
Cooperative Welfare (General)			(3.0%)	(2.7%)	N/A	0.0%	N/A	0.0%
0219-00	Ded		0	0	0	(3,687,600)	0	(3,687,600)
Hospital Assessment			N/A	N/A	N/A	(9.4%)	N/A	(9.4%)
0220-05	Ded		0	(6,792,000)	0	2,134,600	0	(4,657,400)
Cooperative Welfare (Dedicated)			N/A	(76.5%)	N/A	0.8%	N/A	(1.7%)
0220-02	Fed		(97,600)	(1,342,600)	9,000	(16,753,600)	0	(18,184,800)
Cooperative Welfare (Federal)			(1.0%)	(3.6%)	N/A	(1.2%)	N/A	(1.2%)
<b>Difference From Total Approp</b>			<b>(288,600)</b>	<b>(8,342,200)</b>	<b>18,000</b>	<b>(18,084,700)</b>	<b>0</b>	<b>(26,697,500)</b>
<b>Percent Diff From Total Approp</b>			<b>(1.8%)</b>	<b>(15.4%)</b>	<b>N/A</b>	<b>(0.8%)</b>	<b>N/A</b>	<b>(1.1%)</b>

## **Department of Health and Welfare**

### **Open Audit Findings:**

#### **Division of Medicaid:**

##### **FINDING 2017-206**

Changes made to a Medicaid contract reimbursement rate were not accurately implemented resulting in overpayments of \$91,482.

##### **Department of Health and Welfare Comments:**

The Division of Medicaid implemented measures to prevent reimbursement errors during FY 2018. The questioned cost was refunded to the Federal Medicaid Grant during FY 2018. We anticipate that this finding will be closed in FY 2018.

## Division of Medicaid

### FY 2019 JFAC Action

	FTP	Gen	Ded	Fed	Total
<b>FY 2018 Original Appropriation</b>	<b>216.00</b>	<b>531,903,900</b>	<b>328,070,300</b>	<b>1,425,334,400</b>	<b>2,285,308,600</b>
<b>Supplementals</b>					
1. Backfill FY 2017 Held Payments	0.00	9,269,200	9,103,700	37,956,300	56,329,200
2. Receipt Authority Fund Shift	0.00	7,186,200	(25,000,000)	17,813,800	0
3. KW Lawsuit Compliance	0.00	155,800	0	155,700	311,500
6. Provider Rate Incrs - Supported Living	0.00	0	0	0	0
7. Community-Based Personal Care Svcs	0.00	477,500	0	1,178,700	1,656,200
8. Provider-Data Software Improvements	0.00	0	0	0	0
<b>FY 2018 Total Appropriation</b>	<b>216.00</b>	<b>548,992,600</b>	<b>312,174,000</b>	<b>1,482,438,900</b>	<b>2,343,605,500</b>
<b>FY 2018 Estimated Expenditures</b>	<b>216.00</b>	<b>548,992,600</b>	<b>312,174,000</b>	<b>1,482,438,900</b>	<b>2,343,605,500</b>
Removal of Onetime Expenditures	0.00	(9,492,800)	(9,103,700)	(38,703,300)	(57,299,800)
<b>FY 2019 Base</b>	<b>216.00</b>	<b>539,499,800</b>	<b>303,070,300</b>	<b>1,443,735,600</b>	<b>2,286,305,700</b>
Benefit Costs	0.00	(110,600)	0	(166,700)	(277,300)
Statewide Cost Allocation	0.00	(2,300)	0	(2,400)	(4,700)
Annualizations	0.00	2,335,900	0	5,752,800	8,088,700
Change in Employee Compensation	0.00	166,800	0	244,700	411,500
Nondiscretionary Adjustments	0.00	37,998,200	0	94,164,400	132,162,600
<b>FY 2019 Program Maintenance</b>	<b>216.00</b>	<b>579,887,800</b>	<b>303,070,300</b>	<b>1,543,728,400</b>	<b>2,426,686,500</b>
<b>Line Items</b>					
1. Idaho Health Care Plan	0.00	0	0	0	0
6. MMIS Independent Verification	0.00	0	200,000	1,800,000	2,000,000
7. Jeff D Settlement Implementation	0.00	1,181,600	0	0	1,181,600
8. MMIS Related Staff	0.00	0	0	0	0
15. Provider-Data Software Improvements	0.00	63,300	230,000	2,259,700	2,553,000
27. Infant Toddler Early Intervention Svcs	0.00	(321,100)	0	(805,600)	(1,126,700)
33. Provider Enrollment Changes	0.00	0	289,200	2,602,800	2,892,000
38. Children's DDA Rate Change	0.00	465,800	0	1,147,500	1,613,300
39. Asst Living Facility - Personal Care Svc	0.00	1,502,000	0	3,700,500	5,202,500
45. External Quality Review	0.00	0	0	0	0
48. Estate Recovery New Staff	0.00	0	0	0	0
53. Contract Manager Staff	0.00	0	0	0	0
54. Data and Financial Management Staff	0.00	0	0	0	0
55. Jeff D Settlement Related Staff	0.00	0	0	0	0
57. Provider Rate Incrs - Supported Living	0.00	1,342,000	0	3,306,300	4,648,300
58. Trailer for H465 - Restore Dental	0.00	1,100,000	0	2,700,000	3,800,000
<b>FY 2019 Total</b>	<b>216.00</b>	<b>585,221,400</b>	<b>303,789,500</b>	<b>1,560,439,600</b>	<b>2,449,450,500</b>
Chg from FY 2018 Orig Approp.	0.00	53,317,500	(24,280,800)	135,105,200	164,141,900
% Chg from FY 2018 Orig Approp.	0.0%	10.0%	(7.4%)	9.5%	7.2%

## **Appropriation Bill Language, Health and Welfare, Division of Medicaid**

**MEDICAID TRACKING REPORT.** The Department of Health and Welfare, Medicaid Division and Indirect Support Services Division, shall deliver on a monthly basis to the Legislative Services Office and the Division of Financial Management a report that compares the Medicaid budget as appropriated, distributed by month for the year, to actual expenditures and remaining forecasted expenditures for the year. The report shall also include a forecast, updated monthly, of the next fiscal year's anticipated trustee and benefit expenditures. The format of the report, and the information included therein, shall be determined by the Legislative Services Office and the Division of Financial Management.

**TRANSFER OF APPROPRIATIONS.** Notwithstanding the provisions of Section 67-3511, Idaho Code, funding provided for the trustee and benefit payments expenditure class in the Medicaid Division may be transferred in excess of ten percent (10%) among the Coordinated Medicaid Plan, Enhanced Medicaid Plan, Basic Medicaid Plan, and Medicaid Administration and Medical Management Program, but shall not be transferred to any other budgeted programs or expenditure class within the Department of Health and Welfare during fiscal year 2019.

**MEDICAID MANAGED CARE IMPLEMENTATION.** The Medicaid Division shall provide a report to the Legislative Services Office and the Division of Financial Management, on progress in integrating managed care approaches into the state Medicaid system. The format of the report, and information contained therein, shall be determined by the Legislative Services Office and the Division of Financial Management. The report shall be submitted no later than December 31, 2018.

**REPORT ON FLEXIBLE RECEIPT AUTHORITY.** The Medicaid Division shall provide a report annually, at time of budget submission, to the Legislative Services Office and the Division of Financial Management that describes the need for having additional dedicated receipt authority built into the budget. The additional dedicated fund appropriation is not to be considered when calculating the estimated need for ongoing Medicaid costs, but rather to be held in reserve and used in lieu of General Funds when noncognizable receipts are received by the department.

**COST-SHARING REQUIREMENT.** It is the intent of the Legislature that the Department of Health and Welfare shall implement cost-sharing in the Division of Medicaid, as required in Section 56-257, Idaho Code, to the maximum extent that is federally allowable, for the expanded population of children whose families' gross taxable income exceeds one hundred eighty-five percent (185%) but does not exceed three hundred percent (300%) of the federal poverty limit (FPL), for Medicaid-eligible services as identified in House Bill No. 43, as enacted by the First Regular Session of the Sixty-fourth Idaho Legislature.

**NON-EMERGENCY MEDICAL TRANSPORTATION.** It is the intent of the Legislature that, of the moneys appropriated in Section 1 of this act, \$200,000 shall be used solely for purposes of improving the Non-Emergency Medical Transportation (NEMT) program. This shall include, but is not limited to, the hiring of an outside entity to conduct an audit of the NEMT program; to support rate review activities for NEMT providers; and to develop and implement a training program that meets the needs of all provider types, the contracted broker, the Department of Health and Welfare, and most importantly the Idahoans who are participating in this program. The training program and rate review are to be developed in collaboration with relevant stakeholder groups including, but not limited to, NEMT providers and disability advocacy groups. The rate review shall be used to determine the costs of efficiently delivered, high quality NEMT services in a brokerage model to allow the Department of Health and Welfare to update provider rates under its contract with the NEMT broker and, as needed, request a line item for additional appropriation, which would remain subject to legislative approval. In addition, no later than December 30, 2018, and again on June 30, 2019, the Department of Health and Welfare shall provide to the Legislative Services Office and the Division of Financial Management a report that includes details on the implementation of the audit, training, rate review, and any other steps that have been taken by the department to improve the NEMT program. Any unexpended and unencumbered funds that have been appropriated for this purpose are to be reverted at the end of the fiscal year, or as soon thereafter as practicable.

**The Managed Care, additional receipt authority, and NEMT reports were submitted on time and provided to JFAC on 02/08/2019.**

# Division of Medicaid

## Historical Summary

<b>OPERATING BUDGET</b>	<b>FY 2018 Total App</b>	<b>FY 2018 Actual</b>	<b>FY 2019 Approp</b>	<b>FY 2020 Request</b>	<b>FY 2020 Gov Rec</b>
<b>BY PROGRAM</b>					
Medicaid Admin & Medical Mgmt	72,400,400	62,917,100	79,004,300	85,842,500	81,352,200
Coordinated Medicaid Plan	565,879,400	616,002,700	588,094,800	618,926,400	618,530,400
Enhanced Medicaid Plan	960,304,900	973,493,100	1,051,186,300	1,135,488,600	1,128,989,400
Basic Medicaid Plan	745,020,800	664,495,100	731,165,100	780,006,200	776,750,200
Expansion Medicaid Plan	0	0	0	0	197,636,700
<b>Total:</b>	<b>2,343,605,500</b>	<b>2,316,908,000</b>	<b>2,449,450,500</b>	<b>2,620,263,700</b>	<b>2,803,258,900</b>
<b>BY FUND CATEGORY</b>					
General	548,992,600	548,824,900	585,221,400	680,983,900	684,430,500
Dedicated	312,174,000	303,829,000	303,789,500	242,620,300	254,678,900
Federal	1,482,438,900	1,464,254,100	1,560,439,600	1,696,659,500	1,864,149,500
<b>Total:</b>	<b>2,343,605,500</b>	<b>2,316,908,000</b>	<b>2,449,450,500</b>	<b>2,620,263,700</b>	<b>2,803,258,900</b>
Percent Change:		(1.1%)	5.7%	7.0%	14.4%
<b>BY OBJECT OF EXPENDITURE</b>					
Personnel Costs	16,286,500	15,997,900	16,420,700	17,070,500	16,934,000
Operating Expenditures	54,186,700	45,844,500	60,656,400	66,844,800	62,491,000
Capital Outlay	0	18,000	0	0	0
Trustee/Benefit	2,273,132,300	2,255,047,600	2,372,373,400	2,536,348,400	2,723,833,900
<b>Total:</b>	<b>2,343,605,500</b>	<b>2,316,908,000</b>	<b>2,449,450,500</b>	<b>2,620,263,700</b>	<b>2,803,258,900</b>
Full-Time Positions (FTP)	216.00	216.00	216.00	221.00	219.00

## Division Description

The Division of Medicaid is responsible for administering plans to finance and deliver health services for people at risk due to low income and other factors, such as youth, old age, pregnancy, or disability. Services are provided pursuant to state and federal Medicaid requirements. The division is organized into four budgeted programs.

**MEDICAID ADMINISTRATION and MEDICAL MANAGEMENT:** Includes expenditures for administration of a comprehensive program of medical coverage to eligible recipients in Idaho. Coverage is provided through traditional Medicaid (Title XIX), and the Children's Health Insurance Program (CHIP) (Title XXI). Administrative functions include managing provider payments, contracting with state agencies and universities for medical management, and conducting drug utilization reviews and individual assessments. Prior to FY 2007, all Medicaid expenditures were reported under the Medical Assistance Services Program. The program has been renamed Medicaid Administration and Medical Management.

**COORDINATED MEDICAID PLAN:** Beneficiaries covered in this plan primarily consist of those who are age 65 and older. All individuals dually eligible for Medicaid and Medicare, regardless of age, may elect to receive coverage under this plan.

**ENHANCED MEDICAID PLAN:** Medicaid-eligible group primarily made up of children and adults (non-elderly) with disabilities, or other individuals with special health needs, such as foster children. Individuals included in this plan, may elect to remain in this plan after they turn 65 years old.

**BASIC MEDICAID PLAN:** Medicaid-eligible group primarily consisting of Pregnant Women and Children (PWC), Family Medicaid and Idaho's Children Health Insurance Program (CHIP). These populations are assumed to be in average health, with average levels of disease.

## Division of Medicaid

### Agency Profile

#### Medicaid Plans: Caseloads and Trustee and Benefit Payments (All Funds)

	FY 2018 Expenditures		FY 2019 Orig Approp		FY 2020 Request	
	Amount	% of Total	Amount	% of Total	Amount	% of Total
<b>Basic Plan</b>						
Caseload	215,400	73.8%	206,523	73.2%	210,854	73.4%
Budget	\$664,495,100	29.5%	\$731,165,100	30.8%	\$790,491,100	30.9%
Average Case	\$3,085		\$3,540		\$3,749	
<b>Enhanced Plan</b>						
Caseload	48,800	16.7%	47,619	16.9%	47,748	16.6%
Budget	\$973,493,100	43.2%	\$1,051,186,300	44.3%	\$1,135,038,100	44.4%
Average Case	\$19,949		\$22,075		\$23,771	
<b>Coordinated Plan</b>						
Caseload	27,531	9.4%	28,078	9.9%	28,756	10.0%
Budget	\$616,002,700	27.3%	\$588,094,800	24.8%	\$632,601,500	24.7%
Average Case	\$22,375		\$20,945		\$21,999	
<b>Total</b>						
Caseload	291,731	100%	282,220	100%	287,358	100%
Budget	\$2,253,990,900	100%	\$2,370,446,200	100%	\$2,558,130,700	100%
Average Case	\$7,726		\$8,399		\$8,902	

The table below is based on paid claims. Differences between the two tables are composed of the payments for Disproportionate Share Hospital (DSH), and Upper Payment Limits (UPL), and other non-claims specific contracts.

#### FY 2016, FY 2017, and FY 2018, Medicaid Claims Expenditures by Service Grouping and by Per Member Per Month (PMPM) for the Top 13 Groupings

	FY 2016	PMPM	FY 2017*	PMPM	FY 2018*	PMPM
Hospital	\$458,100,209	\$132	\$498,656,754	\$138	\$528,902,579	\$151
Developmental Disability Services	\$249,037,987	\$72	\$268,685,668	\$74	\$290,011,699	\$83
Medical (Non-Hospital)	\$213,253,357	\$62	\$233,487,588	\$65	\$238,816,903	\$68
Institutional Care	\$203,412,028	\$59	\$209,567,067	\$58	\$217,644,419	\$62
Prescriptions	\$196,749,180	\$57	\$208,032,544	\$58	\$205,841,018	\$59
Mental Health	\$151,254,983	\$44	\$151,459,922	\$42	\$134,244,014	\$38
Medicare Related	\$118,941,771	\$34	\$135,964,731	\$38	\$140,376,429	\$40
Long Term Services & Supports	\$114,887,468	\$33	\$120,651,091	\$33	\$130,322,893	\$37
Dental Services	\$50,250,994	\$15	\$49,707,527	\$14	\$45,515,750	\$13
School Based Services	\$39,633,757	\$11	\$36,456,200	\$10	\$41,098,803	\$12
Durable Medical Equipment	\$35,118,558	\$10	\$35,586,080	\$10	\$35,357,557	\$10
Medical Transportation	\$31,423,365	\$9	\$32,274,972	\$9	\$29,978,662	\$9
Health Service Professionals	\$24,752,059	\$7	\$27,103,194	\$8	\$29,082,814	\$8
<b>Total</b>	<b>\$1,886,815,716</b>	<b>\$545</b>	<b>\$2,007,633,338</b>	<b>\$556</b>	<b>\$2,067,193,540</b>	<b>\$590</b>

\* Medicaid held \$56,329,200 in payments in FY 2017. These expenditures appeared in FY 2018. Medicaid also held \$9,307,400 in payments in FY 2018. These expenditures will appear in FY 2019.

# Division of Medicaid

## Comparative Summary

Decision Unit	Agency Request			Governor's Rec		
	FTP	General	Total	FTP	General	Total
<b>FY 2019 Original Appropriation</b>	<b>216.00</b>	<b>585,221,400</b>	<b>2,449,450,500</b>	<b>216.00</b>	<b>585,221,400</b>	<b>2,449,450,500</b>
1. FY 2018 Medicaid Held Payments	0.00	5,075,500	9,307,400	0.00	0	9,307,400
2. MMIS Contract Extensions	0.00	580,400	2,321,600	0.00	580,400	2,321,600
3. Hospital Cost Audit Fund Adjustment	0.00	16,556,100	0	0.00	16,556,100	0
5. Various Health Federal Grants	0.00	0	(700,000)	0.00	0	(700,000)
7. Increase in Utilization of Services	0.00	18,905,400	32,502,600	0.00	14,850,200	32,502,600
<b>FY 2019 Total Appropriation</b>	<b>216.00</b>	<b>626,338,800</b>	<b>2,492,882,100</b>	<b>216.00</b>	<b>617,208,100</b>	<b>2,492,882,100</b>
Removal of Onetime Expenditures	0.00	(5,075,500)	(16,499,400)	0.00	0	(20,554,600)
<b>FY 2020 Base</b>	<b>216.00</b>	<b>621,263,300</b>	<b>2,476,382,700</b>	<b>216.00</b>	<b>617,208,100</b>	<b>2,472,327,500</b>
Benefit Costs	0.00	20,900	53,200	0.00	(35,900)	(91,300)
Statewide Cost Allocation	0.00	9,800	19,800	0.00	9,800	19,800
Change in Employee Compensation	0.00	55,200	140,500	0.00	163,800	417,000
Nondiscretionary Adjustments	0.00	52,697,400	108,354,700	0.00	54,866,500	112,409,900
<b>FY 2020 Program Maintenance</b>	<b>216.00</b>	<b>674,046,600</b>	<b>2,584,950,900</b>	<b>216.00</b>	<b>672,212,300</b>	<b>2,585,082,900</b>
6. Children's DD Services Process Change	0.00	820,800	2,860,000	0.00	820,800	2,860,000
9. MMIS Independent Verification	0.00	100,000	1,000,000	0.00	100,000	1,000,000
15. Medicaid Accountant Contract Rebid	0.00	157,000	314,000	0.00	0	0
18. Jeff D Settlement New Staff	3.00	127,300	254,600	0.00	0	0
19. Health Data Exchange Connections	0.00	592,500	5,924,600	0.00	0	5,332,100
21. NEMT Rate Increase	0.00	2,030,400	6,892,200	0.00	2,030,400	7,973,300
23. Case Management Module	0.00	610,000	4,000,000	0.00	0	0
25. Dental Provider Rate Increase	0.00	1,296,400	4,400,000	0.00	0	0
26. DD Provider Rate Increase	0.00	1,126,900	3,825,000	0.00	0	0
27. School Based Services Rate Increase	0.00	0	5,628,900	0.00	0	3,702,700
28. Children's DD Services New Position	1.00	37,200	74,400	0.00	0	0
29. Medicaid Pharmacist	1.00	38,800	139,100	0.00	0	0
34. Children's Behavioral Health Services	0.00	0	0	0.00	0	0
35. Requested Transfer Language	0.00	0	0	0.00	0	0
36. Medicaid Expansion	0.00	0	0	3.00	9,267,000	197,307,900
<b>FY 2020 Total</b>	<b>221.00</b>	<b>680,983,900</b>	<b>2,620,263,700</b>	<b>219.00</b>	<b>684,430,500</b>	<b>2,803,258,900</b>
Change from Original Appropriation	5.00	95,762,500	170,813,200	3.00	99,209,100	353,808,400
% Change from Original Appropriation		16.4%	7.0%		17.0%	14.4%

# Division of Medicaid

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
<b>FY 2019 Original Appropriation</b>					
	216.00	585,221,400	303,789,500	1,560,439,600	2,449,450,500

## 1. FY 2018 Medicaid Held Payments

### Coordinated Medicaid Plan

The Division of Medicaid requests a onetime supplemental appropriation for \$9,307,400 to cover the costs of claims that were not paid at the end of FY 2018. Similar to FY 2017, the division exhausted its General Fund appropriation for Medicaid claims payments and held those bills until the start of this fiscal year. The division was able to pay all bills except those related to premiums, copayments, and deductibles for Idahoans that are dually eligible for Medicaid and Medicare. Of the total, \$182,800 is for Medicare Part A; \$736,200 for Medicare Part B non-cash assistance; \$5,095,100 for Medicare Part B supplemental medical insurance; \$475,600 for Medicare Part B qualified individuals; and \$2,817,700 for Medicare Part D related costs. There are no financial penalties with the federal government as these payments are required to be paid by July 15 of each year.

Agency Request	0.00	5,075,500	0	4,231,900	9,307,400
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*The Governor recommends that the state share be paid from the Idaho Millennium Income Fund.*

Governor's Recommendation	0.00	0	5,075,500	4,231,900	9,307,400
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## 2. MMIS Contract Extensions

### Medicaid Administration and Medical Mgmt

The Division of Medicaid requests \$2,321,600 to fund recently completed contract extensions for the Medicaid Management Information System (MMIS). This includes claims processing, electronic document management, data analysis, and pharmacy benefit management. Contracts were extended with assistance from the federal Centers for Medicare and Medicaid Services (CMS) and the Idaho Division of Purchasing to allow for the procurement to occur in stages, rather than for all portions to be replaced at the same time, as was done in 2011. The pharmacy portion of the MMIS is the first scheduled procurement, and an RFP issuance is tentatively scheduled for FY 2021.

In the FY 2019 Legislative Budget Book, it stated that the contracts would expire in January 2018 (pharmacy) and June 2018 (all others). Both CMS and the Idaho Division of Purchasing have supported contract extensions for an additional eight years.

Agency Request	0.00	580,400	0	1,741,200	2,321,600
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Governor's Recommendation	0.00	580,400	0	1,741,200	2,321,600
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## 3. Hospital Cost Audit Fund Adjustment

### Enhanced Medicaid Plan

The Division of Medicaid requests a net-zero shift in the appropriation for trustee and benefit payments to realign the appropriation for hospital costs. This supplemental appropriation request is for a shift of \$56,766,000 from dedicated receipt funds with \$16,556,100 being shifted back to the General Fund and \$40,209,900 being shifted back to federal funds. The shift is the result of the Division of Medicaid being current on its hospital cost-settlement audits. For FY 2015, FY 2016, and FY 2017 the division requested and was appropriated an additional \$120 million in receipt authority to account for the catch-up on hospital cost audits. This was important because hospitals are paid based on their allowable costs, or a percentage of their costs for services provided. During this time the state saved about \$35 million from the General Fund. The costs associated with hospitals is still increasing, but the fund source needed to pay the claims will need to shift back to the General Fund and federal funds now that the audit process is current.

Agency Request	0.00	16,556,100	(56,766,000)	40,209,900	0
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Governor's Recommendation	0.00	16,556,100	(56,766,000)	40,209,900	0
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## Division of Medicaid

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
5. Various Health Federal Grants		Medicaid Administration and Medical Mgmt			
The department requests a program transfer of \$700,000 in federal funds from the Medicaid Administration and Medical Management Program to the Physical Health Services Program for 11 federal grants that have been awarded to the Physical Health Services Program. Grants include funding for opioids, oral health, immunizations, abstinence, physical activity and nutrition, and chronic diseases. Rather than requesting new appropriation, the department was able to identify existing appropriation amounts in several programs that are in excess of estimated needs. As a result, this department-wide request has an overall net-zero impact on the department's federal fund appropriation. The appropriation will increase in the Physical Health Services Program by 6.00 FTP and \$5,850,000. The appropriation will be reduced by \$5,850,000 in five programs and includes \$1,000,000 from Self-Reliance Operations, \$300,000 from Emergency Medical Services, \$3,100,000 from Healthcare Policy Initiatives, \$750,000 from the Southwest Idaho Treatment Center, and \$700,000 from Medicaid Administration.					
Agency Request	0.00	0	0	(700,000)	(700,000)
Governor's Recommendation	0.00	0	0	(700,000)	(700,000)
7. Increase in Utilization of Services		Enhanced Medicaid Plan			
The Division of Medicaid requests an additional \$32,505,600 in ongoing trustee and benefit payments to account for the estimated increase in service utilization. In FY 2017 and FY 2018, the division exhausted its General Fund appropriation and had to hold bills until the next fiscal year. Currently, the division is forecasting another shortfall and is requesting a supplemental appropriation to bring its request in line with its forecast. The request is not being made at the composite federal Medicaid match (FMAP) because the division has excess federal fund appropriation that it will be able to use in lieu of new appropriation.					
Agency Request	0.00	18,905,400	0	13,597,200	32,502,600
The Governor recommends \$4,055,200 onetime from the Millennium Income Fund be used to cover a portion of the state's ongoing share in FY 2019.					
Governor's Recommendation	0.00	14,850,200	4,055,200	13,597,200	32,502,600
FY 2019 Total Appropriation					
Agency Request	216.00	626,338,800	247,023,500	1,619,519,800	2,492,882,100
Governor's Recommendation	216.00	617,208,100	256,154,200	1,619,519,800	2,492,882,100
Removal of Onetime Expenditures					
This action removes \$9,307,400 of onetime appropriation for claims payments that were not paid at the end of FY 2018 and \$7,192,000 for line items for provider enrollment changes, provider-data software improvements, and Medicaid Management Information System (MMIS) independent verification.					
Agency Request	0.00	(5,075,500)	(719,200)	(10,704,700)	(16,499,400)
The Governor recommends the removal of all onetime appropriation.					
Governor's Recommendation	0.00	0	(9,849,900)	(10,704,700)	(20,554,600)
FY 2020 Base					
Agency Request	216.00	621,263,300	246,304,300	1,608,815,100	2,476,382,700
Governor's Recommendation	216.00	617,208,100	246,304,300	1,608,815,100	2,472,327,500
Benefit Costs					
Employer-paid benefit changes include a 5.5% increase for PERSI regular retirement and adjustments to workers' compensation that vary by agency. Agencies were directed to budget \$11,650 per eligible FTP for health insurance, which is the same amount in the current fiscal year.					
Agency Request	0.00	20,900	0	32,300	53,200
The Governor recommends \$11,020 per eligible FTP for health insurance, which is a decrease of \$630, or 5.4%, from the previous year; a temporary rate reduction for agencies that pay the Division of Human Resources for its services; and the PERSI Board's decision to increase the employer contribution by 5.5%.					
Governor's Recommendation	0.00	(35,900)	0	(55,400)	(91,300)

## Division of Medicaid

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
<b>Statewide Cost Allocation</b>					
This request includes adjustments to recover the cost of services provided by other agencies in accordance with federal and state guidelines on cost allocation. Risk management costs will increase by \$11,000.					
This request also includes \$8,800 for Department of Administration managed rental rate increases. H544 of 2018 amended Section 67-5709, Idaho Code, to address long-term maintenance for state-occupied buildings, and requires long-term maintenance costs to be included when calculating rental rates for tenants in department-managed facilities. The Permanent Building Fund Advisory Council voted on June 5, 2018, to increase rental rates by a total of 16.6% for those agencies in the Capitol Mall and state owned buildings in Lewiston and Idaho Falls. The increase will be used to address deferred maintenance costs associated with the Capitol Mall, which total approximately \$22.2 million dollars. If funded, this year's increase will collect \$1,237,441 in FY 2020. There may be subsequent increases to address deferred maintenance in the future. The increase specific to the Department of Health and Welfare is 20.8%.					
Agency Request	0.00	9,800	0	10,000	19,800
Governor's Recommendation	0.00	9,800	0	10,000	19,800

### Change in Employee Compensation

For calculation purposes, agencies were directed to include the cost of a 1% salary increase for permanent and temporary employees.

Agency Request	0.00	55,200	0	85,300	140,500
<i>The Governor recommends a 3% increase in employee compensation, distributed on merit. He does not recommend a compensation increase for group and temporary positions.</i>					
Governor's Recommendation	0.00	163,800	0	253,200	417,000

# Division of Medicaid

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
<b>Nondiscretionary Adjustments</b>					

The Division of Medicaid requests \$108,354,700 from all funds in the following nondiscretionary adjustments. This includes an increase of \$52,697,400 from the General Fund, a decrease of \$5,342,400 in dedicated funds, and an increase of \$60,999,700 in federal funds.

**COST-BASED PRICING:** Increases of \$9,416,300 from the General Fund and \$23,983,100 in federal funds. Medicaid reimburses certain entities such as hospitals, nursing facilities, home health, and prescription drug companies for the cost of providing the good or service. Other providers are often paid based on the established Medicaid approved rate. Cost-surveys are conducted frequently to ensure that the reimbursement amount is accurate.

**MANDATORY PRICING:** Increases of \$83,700 from the General Fund and \$213,200 in federal funds. Mandatory pricing relates to Medicaid being required to pay for services at a federally designated rate; this includes Federally Qualified Health Centers (FQHC), Rural Health Clinics (RHC), and Indian Health Clinics (IHC).

**CASELOAD:** Increases of \$4,703,100 from the General Fund and \$11,978,700 in federal funds. Caseload is the number of estimated new Idahoans eligible for Medicaid services. Caseload is expected to increase from 284,532 in FY 2019 to 289,810 in FY 2020.

**UTILIZATION:** Increases of \$6,813,300 from the General Fund and \$17,353,300 in federal funds. Utilization is the estimated change for the use of services provided in Medicaid.

**DEDICATED RECEIPTS:** Decrease of \$5,534,000 in dedicated funds and offsetting increases of \$1,661,500 from the General Fund and \$3,872,500 in federal funds. Dedicated receipts come from hospital cost settlements, pharmaceutical rebates, and other refunds and reimbursements.

**FMAP ADJUSTMENT:** An increase of \$13,219,100 from the General Fund and a decrease of a like amount in federal funds to reflect a decrease in the blended Federal Medical Assistance Percentage (FMAP) rate, which is the federal share of eligible Medicaid payments for the majority of services provided. The rate will change from 71.13% to 70.34% for FY 2020.

**CHIP FMAP ADJUSTMENT:** The request also shifts \$6,840,800 from federal funds with \$6,649,200 added to the General Fund and \$191,600 added to dedicated funds for changes in the FMAP rate for the CHIP Program. CHIP has been funded 100% from federal funds for the past few years, but with passage of the federal Bipartisan Budget Act of 2018, the match rate for CHIP changed from 100% to 93.5% in federal fiscal year 2020 and will change to 82% for federal fiscal year 2021.

**53RD CLAIMS PAYMENT CYCLE:** A onetime increase of \$10,151,200 from the General Fund and a onetime increase of \$23,658,800 in federal funds. Because the calendar year is actually divisible by 52.1786 weekly pay periods (and not 52), every five or six years there are 53 weekly periods.

Agency Request	0.00	52,697,400	(5,342,400)	60,999,700	108,354,700
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*Because the Governor recommends using the Idaho Millennium Income Fund on a onetime basis for ongoing needs in FY 2019 as discussed in Supplemental request 7, the Governor recommends an increase to the nondiscretionary adjustments with an additional \$1,886,100 from the Idaho Millennium Income Fund, and an additional \$2,169,100 from the General Fund.*

Governor's Recommendation	0.00	54,866,500	(3,456,300)	60,999,700	112,409,900
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<b>FY 2020 Program Maintenance</b>					
Agency Request	216.00	674,046,600	240,961,900	1,669,942,400	2,584,950,900
Governor's Recommendation	216.00	672,212,300	242,848,000	1,670,022,600	2,585,082,900

Additional information on the FMAP can be found on page \_\_\_\_ and \_\_\_\_ of the packet.

## Division of Medicaid

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
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### 6. Children's DD Services Process Change

### Medicaid Administration & Enhanced Medicaid Plan

The Division of Medicaid requests \$2,860,000 to improve services for children with autism and other intellectual or developmental disabilities. The request includes \$488,400 in ongoing operating expenditures and \$2,371,600 in ongoing trustee and benefit payments. The operating expenditures are being requested at 75% federal, whereas the trustee and benefit payments are requested at the blended Federal Medical Assistance Percentage (FMAP) rate of 70.34% federal. This request is being made in accordance with federal 42 U.S.C. 1396d as enacted in 2014. For the past few years Medicaid has provided these benefits through a Medicaid waiver, which is scheduled to end in July 2019. This request will allow Medicaid to continue to provide these services as part of the state plan. There are currently 157 professionals that can provide these services statewide. According to the department, the estimated cost per eligible provider is \$92,560 annually, but the reimbursement rate is \$62,348 annually. The department estimates that about half of the 157 providers will reach their max hours per week, which is reflected in the request for \$2,371,600 in trustee and benefit payments. If all 157 providers reached the maximum amount, then the request would be \$4,743,284, and the department anticipates this growth over time, and those increases will be included in the nondiscretionary portion of the budget in future years. The request would increase the rate of pay for each 15 minute increment from \$11.99 per hour to \$17.80 per hour. The operating expenditures would be for a contract to conduct plan reviews. Reviews will include an initial review that will cost \$43.08 each. There are two subsequent reviews that will occur every 120 days at a cost of \$35.29 per review.

If line item 26, a rate increase for developmental disability providers, is not approved this request can be reduced to \$2,582,500 with all reductions in trustee and benefit payments.

Agency Request	0.00	820,800	0	2,039,200	2,860,000
Governor's Recommendation	0.00	820,800	0	2,039,200	2,860,000

### 9. MMIS Independent Verification

### Medicaid Administration and Medical Mgmt

The Division of Medicaid requests \$1,000,000 in ongoing appropriation for an independent verification and validation (IVV) vendor. The IVV will provide an independent and unbiased perspective on the progress of the Medicaid Management and Information System (MMIS) development and the integrity and functionality of the system. According to 45 CFR, Section 95.626(a), an assessment for IVV analysis of a state's system development effort may be required in the case of Advanced Planning Documents (APD) that meet any of specified criteria. The department indicates that this independent verification is needed because CFR subsection 3 indicates the need for the IVV with a new project or total system redesign. The department needs to have this independent validation done for the re-procurement of the state's MMIS. The MMIS consists of multiple modules including pharmacy benefit management, claims processing, decision support system, and data warehouse. The MMIS procurement process for the four main components is tentatively scheduled to begin December 2020 with the reprocurement of the pharmacy system. The final stage is tentatively scheduled to begin in December 2025 with the data warehouse portion.

Medicaid was appropriated \$2 million for FY 2019 for the same purpose, but the RFP was delayed because of competing priorities and a need to reallocate staff to support the reprocurement process; the contract is expected to be awarded before June, 2019. The department indicates that they will either encumber or revert any unspent funds at the end of FY 2019.

Agency Request	0.00	100,000	0	900,000	1,000,000
Governor's Recommendation	0.00	100,000	0	900,000	1,000,000

### 15. Medicaid Accountant Contract Rebid

### Medicaid Administration and Medical Mgmt

The Division of Medicaid requests \$314,000 to increase the current contract for accounting services by 10%. The request is being made with 50% federal funds and 50% from the General Fund. Medicaid uses a certified public accounting firm to provide professional accounting, consulting, data management, and analysis services to the division's health care programs. This request is an estimate of what the contract increase will be; contract negotiations will still need to occur, and a FY 2020 supplemental request is possible.

Agency Request	0.00	157,000	0	157,000	314,000
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*Not recommended by the Governor.*

Governor's Recommendation	0.00	0	0	0	0
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## Division of Medicaid

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
<b>18. Jeff D Settlement New Staff</b>					
<b>Medicaid Administration and Medical Mgmt</b>					
The Division of Medicaid requests 3.00 FTP and \$254,600 for three additional positions for work related to the Jeff D Settlement Agreement. The request includes \$247,400 in ongoing personnel costs and \$7,200 in onetime operating expenditures. These positions would be used to support the settlement agreement and to develop and implement the 20 new services and supports being offered as part of the agreement. These positions include a project manager, a contract monitor, and a business analyst. The project manager will oversee various staff and work directly with the bureau chief. The contract monitor position will oversee the various contracts related to the Jeff D settlement. The business analyst will work to implement the terms and conditions of the settlement. All of the related work is currently being handled by other Medicaid personnel and this request would allow current staff to focus on their other assigned duties.					
Agency Request	3.00	127,300	0	127,300	254,600
<i>Not recommended by the Governor.</i>					
Governor's Recommendation	0.00	0	0	0	0
<b>19. Health Data Exchange Connections</b>					
<b>Medicaid Administration and Medical Mgmt</b>					
The Division of Medicaid requests \$5,924,600 in onetime operating expenditures to connect providers to the Idaho Health Data Exchange (IHDE) and improve the capabilities of the IHDE. Medicaid relies on the IHDE for data on Medicaid providers and services monitoring. For the past several years, Idaho has appropriated millions of dollars to connect providers to the IHDE and to transition providers from paper-based records to electronic medical records. This request would allow 60-70 primary care clinics and 20-25 hospitals to connect to the IHDE, which will provide Medicaid with clinical information related to the quality of care to improve outcomes for Medicaid participants.					
Agency Request	0.00	592,500	0	5,332,100	5,924,600
<i>The Governor does not recommend funding from the General Fund and recommends that the department use existing appropriation to the extent possible for the state matching funds.</i>					
Governor's Recommendation	0.00	0	0	5,332,100	5,332,100
<b>21. NEMT Rate Increase</b>					
<b>Enhanced and Expansion Medicaid Plans</b>					
The Division of Medicaid requests \$6,892,200 to increase the provider rates for non-emergency medical transportation (NEMT) by 28%, and the contractual administration fee of 20%. This request is being made as a result of language added to the FY 2019 appropriation bill for Medicaid. If approved, a contract amendment with the current broker, Medical Transportation Management Inc., (MTM), will need to occur with the assistance of the state's Division of Purchasing. When the request was being developed, the department contracted with Milliman Inc., an actuarial firm, to develop rate options related to the review. Milliman presented four options to the department for consideration and the department selected the fourth or lowest recommended option of a 28% provider rate increase. This option also included a 15% reduction in the administrative portion, which is being reduced to 17% from 20%. These providers have not received a significant rate increase since 2007. In addition, the Division of Medicaid has indicated that it will also couple this funding with other contract amendments to support a goal of zero missed trips, and for a system that fully supports participants with special health needs. The NEMT program is a required program to ensure necessary transportation is made available for the Medicaid beneficiaries to get to and from health providers. States can manage the authorization of NEMT coverage directly, or contract with another entity to manage the program, such as a transportation broker, which is how Idaho is currently operating.					
Agency Request	0.00	2,030,400	0	4,861,800	6,892,200
<i>The Governor recommends an additional \$108,100 from the Millennium Income Fund and \$973,000 from federal funds for NEMT services for those in the expansion population.</i>					
Governor's Recommendation	0.00	2,030,400	108,100	5,834,800	7,973,300

## Division of Medicaid

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
<b>23. Case Management Module</b>	<b>Medicaid Administration and Medical Mgmt</b>				
The Division of Medicaid requests \$4,000,000 in onetime and ongoing operating expenditures for case management software that will assist the department in better planning and coordinating of care for people with special health needs who are on Medicaid. The case management software will be procured from the current claims processing vendor, Molina Medicaid Solutions. Medicaid indicates that this will reduce the potential for costly system integration work and will allow for staff to leverage their time with contract management and development work. Medicaid estimates that the annual amount needed to operate the module will be \$1.4 million with \$260,000 from the General Fund and as a result Medicaid is asking for the entire amount in this request. The ongoing amount needed for FY 2020 is \$583,000 from all funds, and \$58,300 from the General Fund.					
ANALYST COMMENT: After the budget submission deadline, the department identified an error in the request. The corrected amount needed by the department for this request is \$3,108,000 and includes \$310,800 from the General Fund with \$58,300 as ongoing, and \$2,797,200 in federal funds with \$524,700 as ongoing. However, to stay true to the officially submitted request, the original amount requested is being shown in this publication. The Division of Medicaid anticipates a onetime request of \$75,000 in FY 2021 to complete the implementation process.					
Agency Request	0.00	610,000	0	3,390,000	4,000,000
Not recommended by the Governor.					
Governor's Recommendation	0.00	0	0	0	0
<b>25. Dental Provider Rate Increase</b>	<b>Basic, Coordinated, and Enhanced Medicaid Plans</b>				
The Division of Medicaid requests \$4,400,000 in ongoing trustee and benefit payments to provide a 10% rate increase for dental providers. Of the total request, \$1,296,400 is from the General Fund and \$3,103,600 is from federal funds. The division contracted with a consulting firm to determine the requested amount. The consultant firm provided three options of varying rate increases of 5%, 10%, and 28%, the division is requesting the middle option. The last rate increase for dental providers was in July 2010.					
Agency Request	0.00	1,296,400	0	3,103,600	4,400,000
Not recommended by the Governor.					
Governor's Recommendation	0.00	0	0	0	0
<b>26. DD Provider Rate Increase</b>	<b>Enhanced Medicaid Plan</b>				
The Division of Medicaid requests \$3,825,000 for a rate increase for providers that serve clients with developmental disabilities. During the 2018 legislative session, the Legislature appropriated \$1,613,300 from all funds for this exact purpose. However, Medicaid discovered an error in the rate calculation work and is requesting the difference from what should have been requested to what was appropriated. Medicaid did not adequately capture the habilitative intervention service in the request; this is one of the most highly utilized services for this provider type. Habilitative Intervention is a service that is specifically designed to teach new skills, such as following through with directives, remaining on task, and engaging appropriately with peers.					
This request also impacts the amount of funding that will be needed with other budget line item requests: line item 6 which includes service changes for children with autism and other developmental disabilities, and line item 27, which has similar services that are delivered in schools. If this line item is not approved, then line item 6 is reduced by \$277,500 and line item 27 is reduced by \$1,926,200, both in total funds.					
Agency Request	0.00	1,126,900	0	2,698,100	3,825,000
Not recommended by the Governor.					
Governor's Recommendation	0.00	0	0	0	0

## Division of Medicaid

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
27. School Based Services Rate Increase			Enhanced Medicaid Plan		
The Division of Medicaid requests \$5,628,900 from dedicated and federal funds to increase the rates for school districts that provide Medicaid services in the school setting to comparable businesses that provide these services in the community. Currently, community rates for the same services are slightly higher than the comparable rates for school-based services. Increases for individual services include \$1.56 for individual behavioral intervention, \$0.60 for group behavioral intervention, \$2.30 for community based rehabilitative services (CBRS) training by the school district, and \$1.60 for behavioral consultation.					
If line item 26 for rate increases for community based DD services is not approved this line item request will be reduced to \$3,702,700 in total funds.					
Agency Request	0.00	0	1,658,400	3,970,500	5,628,900
Because the Governor does not recommend line item 26, this line item request is reduced.					
Governor's Recommendation	0.00	0	1,074,500	2,628,200	3,702,700
28. Children's DD Services New Position			Medicaid Administration and Medical Mgmt		
The Division of Medicaid requests 1.00 FTP and \$74,400 to hire a program specialist for the children's developmentally disabled services, which are being revised to align with a state plan amendment, as described in line item 6. The request includes \$72,000 in ongoing personnel costs and \$2,400 in onetime operating expenditures. Because the change in process will lead to some subjectivity on recommended services, and if they are appropriate for the child, the department anticipates decisions being contested. This position will have the primary responsibility for handling and overseeing any appeals with the goal of minimizing litigation and ensuring due process is followed.					
Agency Request	1.00	37,200	0	37,200	74,400
Not recommended by the Governor.					
Governor's Recommendation	0.00	0	0	0	0
29. Medicaid Pharmacist			Medicaid Administration and Medical Mgmt		
The Division of Medicaid requests 1.00 FTP and \$139,100 to hire an additional pharmacist. The request includes \$136,700 in ongoing personnel costs and \$2,400 in onetime operating expenditures. The position will help Medicaid participants avoid addiction to various pharmaceuticals, including opioids by managing high-risk participants, strengthening the review process, and educating prescribers about best practices for responsible opioid prescribing. Medicaid currently has two full-time pharmacists and a pharmacy program manager handling this work. The department has the capability to implement various restrictions into the claims adjudication system but does not have the capacity to deal with prior authorizations, questions, or increased appeals.					
Agency Request	1.00	38,800	0	100,300	139,100
Not recommended by the Governor.					
Governor's Recommendation	0.00	0	0	0	0
34. Children's Behavioral Health Services			Enhanced Medicaid Plan		
The department is not requesting additional funds at this time for the contract with Optum and the Idaho Behavioral Health Plan, but is including a line item to inform the Legislature of a possible contract increase and the need for a supplemental appropriation in FY 2020. The department is working with Optum to update the array of services that need to be offered in accordance with the settlement for the Jeff D lawsuit. The settlement requires that the state provide necessary services to children with a serious emotional disturbance (SED). Children with a diagnosed SED and with a family income at or below 300% of the federal poverty limit are eligible for services through Medicaid. Services to be included in the plan are crisis response and intervention services, higher levels of case management and care coordination, and intensive home and community based services.					
Agency Request	0.00	0	0	0	0
The Governor recommends the continued discussion of this contract renegotiation.					
Governor's Recommendation	0.00	0	0	0	0

## Division of Medicaid

Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
<b>35. Requested Transfer Language</b>	<b>Enhanced Medicaid Plan &amp; Adult Mental Health</b>				
The department requests that language is added to its Medicaid Division and Mental Health Services Division appropriation bills to allow for transfers from the Adult Mental Health Program to the Enhanced Medicaid Plan Program. The language would be strictly for the support of Community Crisis Centers; exact language was not requested by the department. The department notes that the various crisis centers have been working with commercial payers to establish a process that will allow them to bill insurance carriers for services rendered. Medicaid is intending to leverage this work to provide coverage in a similar manner. This would allow the state to receive a federal match for various services provided in the centers at the state's Federal Medical Assistance Percentage (FMAP) rate, which is currently forecasted at 29.66% state share and 70.34% federal share. Initial estimates by the department were around \$250,000 from the General Fund, but pending the status of Medicaid Expansion, this amount could be significantly larger.					
Agency Request	0.00	0	0	0	0
<i>Recommended by the Governor.</i>					
Governor's Recommendation	0.00	0	0	0	0
<b>36. Medicaid Expansion</b>	<b>Medicaid Administration and Expansion Plan</b>				
Agency Request	0.00	0	0	0	0
<i>The Governor recommends 3.00 FTP and \$197,307,900 for the implementation and ongoing operations of Medicaid expansion. This includes: 3.00 FTP and \$187,600 in personnel costs, with half in federal funds and half from the Idaho Millennium Income Fund; \$564,700 in operating expenditures with \$398,800 from federal funds and \$165,900 from the Idaho Millennium Income Fund; and \$196,555,600 in ongoing trustee and benefit payments with \$9,267,000 from the General Fund, \$10,388,600 from the Millennium Income Fund, and \$176,900,000 from federal funds. Of the total amount, \$205,000 is for onetime administration costs.</i>					
Governor's Recommendation	3.00	9,267,000	10,648,300	177,392,600	197,307,900
<b>FY 2020 Total</b>					
Agency Request	221.00	680,983,900	242,620,300	1,696,659,500	2,620,263,700
Governor's Recommendation	219.00	684,430,500	254,678,900	1,864,149,500	2,803,258,900
Agency Request					
Change from Original App	5.00	95,762,500	(61,169,200)	136,219,900	170,813,200
% Change from Original App	2.3%	16.4%	(20.1%)	8.7%	7.0%
<i>Governor's Recommendation</i>					
Change from Original App	3.00	99,209,100	(49,110,600)	303,709,900	353,808,400
% Change from Original App	1.4%	17.0%	(16.2%)	19.5%	14.4%

**From:** Jared Tatro, Principal Budget & Policy Analyst  
**Date:** 11/13/2018  
**Re:** Medicaid

This issue brief is intended to provide a high level look at Medicaid, a federal/state partnership program. This issue brief is not intended to be a detailed historical reference on Medicaid.

Medicaid provides health coverage to millions of Americans, including eligible low-income adults, children, pregnant women, elderly adults and people with disabilities. Medicaid is administered by states, according to federal requirements. The program is funded jointly by states and the federal government.

### History and Overview:

**Traditional Medicaid:** Authorized by Title XIX of the Social Security Act, [Medicaid](#) was signed into law in 1965 alongside Medicare. All states, the District of Columbia, and the U.S. territories have Medicaid programs designed to provide health coverage for low-income people. Although the Federal government establishes certain parameters for all states to follow, each state administers their Medicaid program differently, resulting in variations in Medicaid coverage across the country. Traditional Medicaid is funded in Idaho at about 70% federal and 30% state. This match amount is subject to change each year as it is based on the states per capita income compared to other states and the national average. For FY 2019 the federal match is 71.13% and is expected to drop to 70.34% for FY 2020.

**Children's Health Insurance Program:** The [Children's Health Insurance Program](#) (CHIP) was signed into law in 1997 and provides federal matching funds to states to provide health coverage to children in families with incomes too high to qualify for Medicaid, but who can't afford private coverage. All states have expanded children's coverage significantly through their CHIP programs, with nearly every state providing coverage for children up to at least 200 percent of the Federal Poverty Level (FPL). CHIP is funded at an enhanced FMAP or E-FMAP. CHIP funding is capped and allotments are provided to states annually, with amounts based on each state's recent CHIP spending and increased by a growth factor.

**Affordable Care Act (ACA):** Beginning in 2014, the Affordable Care Act provides states the authority to expand Medicaid eligibility to individuals under age 65 in families with incomes below 133 percent of the Federal Poverty Level (FPL) and standardizes the rules for determining eligibility and providing benefits through Medicaid, CHIP and the health insurance marketplace.

Source: [Medicaid.gov](#)

### Traditional/CHIP Medicaid Eligibility in Idaho:

In order to receive health coverage from Idaho Medicaid, you must complete the application process and meet certain eligibility requirements.

- Be a citizen or legal immigrant, and a resident of the State of Idaho,
- Household income must be less than the program income limits for your household size, and resources must not exceed the program resource limits.

In addition, you must also meet income criteria and meet the conditions of a second criteria:

<b>Eligibility Category</b>	<b>Maximum FPL</b>
Children (Traditional Medicaid)	138%
Children (CHIP)	185%
Pregnant Women	138%
Adults Over 65 Years of Age	~80%
People With Disability (Pre-Proposition 2)	~80%
<b>People With Disability - Proposition 2 Passage</b>	<b>138%</b>
People With Severe Disability	~225%
Breast and Cervical Cancer Diagnosis	250%
Adults With Children (Pre-Proposition 2)	~26%
Adults Without Children (Pre-Proposition 2)	Not Eligible
<b>Adults With Children – Proposition 2 Passage</b>	<b>138%</b>
<b>Adults Without Children – Proposition 2 Passage</b>	<b>138%</b>

\*\*\*NOTE: After Prop 2, individuals who would have been eligible for a previous coverage would continue to receive that previous coverage. So, individuals who were eligible for Disability related Medicaid prior to expansion, would still get that Disability coverage after expansion. Disabled adults would only get expansion Medicaid if they did not qualify for Disability related Medicaid. Disability related programs are not actually driven by FPL percentages. The limits are based on SSI payment amounts. This is why the percent's are listed as approximates.

**Income Determination:** With passage of the ACA, Medicaid in Idaho became based on Modified Adjusted Gross Income, and no longer uses assets in the eligibility process. See the table from DHW below:

<b>Maximum Monthly Income Limits</b> - MAGI Medicaid -				
<b>Household size</b>	<b>Gross Income for Child Coverage</b>		<b>Gross Income for Adult Coverage</b>	
	<b>Under 19</b>	<b>Disabled children</b>	<b>Pregnant*</b>	<b>Adult w/ children</b>
2	\$2,607	<b>Contact DHW</b> Income and resource guidelines for disability are best explained by staff.	\$1,825	\$289
3	\$3,291		\$2,304	\$365
4	\$3,975		\$2,782	\$439
5	\$4,659		\$3,261	\$515
6	\$5,343		\$3,740	\$590
7	\$6,027		\$4,219	\$666
8	\$6,711		\$4,698	\$741
Each additional member	+ \$684		+ \$479	+ \$75
* The unborn child counts as part of the household size.				

## Expansion:

Proposition 2, expands the eligibility for traditional Medicaid services for Adults that have an annual household income at or below 138% of the FPL –regardless of having any other required condition such as being disabled or pregnant. The proposition does not remove or modify any other existing Medicaid programs or services, just expands the eligibility criteria.

**COST:** Expansion is funded at 90% federal and 10% state match; this match is established in the ACA and would require an act of Congress to change. Milliman estimates that the annual cost from state funds will be about \$40-\$45 million each year, most of the cost will be offset with savings from other programs in Idaho already receiving funding from the state. Milliman estimates that the net impact to state funds is about \$10-\$15 million annually.

**STATE SAVINGS or COST OFFSETS** will be from behavioral health programs in the Department of Health and Welfare and the Department of Correction, as well as potential offsets from the Catastrophic Health Care Program (CAT Fund); the CAT Fund may or may not experience savings as a result of expansion, because Idaho Code does not define indigent as poor, but rather as the ability to repay your medical debt within 5 years. So an individual that makes 150% of the FPL, forgoes insurance, and then has a catastrophic event that adds to several millions in bills, would be (most likely) defined as indigent; this individual would not be eligible for Medicaid regardless of expansion.

**CASELOAD:** Milliman and Health and Welfare have calculated the estimated number of Idahoans that will be eligible for Medicaid, through the expansion, at 91,000. This includes 59,000 that have an income between 0% and 100% FPL and are currently uninsured. The remaining 32,000 have an income between 100% and 138% FPL and are currently eligible for a tax subsidy from the state insurance exchange, but with passage of proposition 2, these individuals will now be eligible for Medicaid and no longer eligible for a tax subsidy. Within the 91,000, 48% are male, 52% are female, 46% are between the ages of 19-34 and 54% are between the ages of 35 and 64.

**IMPLEMENTATION:** Assuming the Legislature does not make changes to the language from proposition 2, the department has indicated that enrollment for the expansion population could be as soon as January 1, 2020. The department has indicated that they will need at least six months to change the eligibility criteria and systematic changes to their eligibility system. Implementation cannot begin until the federal government, through the Centers for Medicare and Medicaid (CMS) approve a state plan amendment; approval by CMS typically takes about 90 days.

## Links for Information

Initiative Language: <https://sos.idaho.gov/elect/inits/2018/init03.html>

Milliman 2018 Report:

<https://healthandwelfare.idaho.gov/Portals/0/AboutUs/FromTheNewsroom/Impact%20of%20Medicaid%20Expansion%20for%20Idaho%2020180718%20-%20Final.pdf>

DHWPBlog.com – FAQs: <https://dhwblog.com/2018/07/30/new-report-analyzes-financial-impact-of-potential-medicaid-expansion-under-idaho-ballot-initiative-link-faqs/>

**From:** Jared Tatro  
**Date:** 02/05/2019  
**Re:** Federal Medical Assistance Percentage (FMAP)

## Traditional Medicaid (Title XIX):

Medicaid is the federal-state program for health and long-term care coverage for low-income Americans. Since its enactment in 1965, the Medicaid program has used the Federal Medical Assistance Percentage (FMAP) to determine the share of the cost of covered services that the federal government will pay in each state. On average, the federal share has been 57 percent nationwide. Idaho has had an average FMAP of 71.25% since 2014.

The FMAP is based on a formula in the federal Medicaid statute that is based on state per capita personal income. The lower a state's per capita personal income, the higher the state's FMAP, or federal Medicaid matching rate. FMAPs vary from a floor of 50% to a high of 74%.

The FMAP is calculated based on a three-year average of a state's per capita personal income compared to the national average. The 2020 FMAPs rely on per capita personal incomes for CYs 2015-2017. To receive an increase in the FMAP, a state must experience a decline in its share of U.S. average per capita income. Per capita income growth is affected both by income and population.

Idaho had higher-than-average personal income growth, but experienced per capita growth rates equal to or less than the national average due to strong population increases. Although Idaho saw below-average per capita income growth in 2017, they still experienced an increase in their share of U.S. average per capita income over the three-year period (compared to the three-year period used to calculate FY 2019 FMAPs).

Personal income data are produced by Bureau of Economic Analysis (BEA) as part of the National Income and Product Accounts (NIPAs). State personal income is the income received by all persons in a state from all sources, including net earnings by place of residence, rental income, dividends, interest, and transfer payments. Nationally, the largest contributors to earnings growth in 2017 were professional services, health care and social assistance, and finance. No sector experienced negative growth. Personal income growth changes from 2016 to 2017 ranged from -0.7% in North Dakota to 6.1% in Washington; Idaho increased 5.5% and the national average was 4.4%.

The FMAP formula has remained basically unchanged throughout the history of the Medicaid program, and temporary adjustments to the formula have resulted in FMAP increases, not decreases. On two separate occasions during the last decade, FMAPs were temporarily increased to provide fiscal relief to states during economic downturns.

Changes in the Federal Medical Assistance Percentage (FMAP) and Associated impact on the General Fund							
	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020
Federal Share	71.64	71.75	71.24	71.51	71.17	71.13	70.34
State Share	28.36	28.25	28.76	28.49	28.83	28.87	29.66
General Fund Change	(\$11,786,200)	(\$5,628,100)	\$7,170,800	(\$1,603,300)	\$4,152,800	\$2,682,200	\$13,219,100

Medicaid Administration (personnel and operations) are paid at a 50% federal share and 50% state share. The federal government will also pay 90% of estimated costs for constructing IT projects and then 75% for the operations of the IT project and Medicaid Management Information System (MMIS) expenses are at 75%. There are some exceptions to the traditional FMAP: The federal government pays 100% of the cost of Medicaid services furnished to Native Americans and Alaska Natives who are Medicaid beneficiaries by the Indian Health Services (IHS) or by tribes or tribal organizations contracting with the IHS. The federal government pays 90% of the costs of family planning services and supplies and 75% for clinical staff and quality improvement organizations.

**CHIP Program (Title XXI):**

The FMAP for the Children's Health Insurance Program (CHIP), established in Title XXI of the Social Security Act, Section 2105(b) specifies the formula for calculating the enhanced rate (eFMAP). However, Section 2101(a) of the Affordable Care Act amended Section 2105(b) of the Social Security Act to increase the enhanced FMAP for states by 23 percentage points, but not to exceed 100 percent, for the period that begins on October 1, 2015 and ends on September 30, 2019 (federal fiscal years 2016 through 2019). Section 3005 of the HEALTHY KIDS Act amended Section 2105(b) of the Social Security Act specifying that the enhanced FMAP for states will be calculated by adding 11.5 percentage points to the state's enhanced FMAP as provided under section 1905(b) of the Social Security Act, with the sum not to exceed 100 percent, for the period that begins on October 1, 2019 and ends on September 30, 2020 (fiscal year 2020). The Bipartisan Budget Act of 2018 extended funding through federal fiscal year 2027.

For Idaho, this means that the state has received 100% federal funding for the past several years for the eligible children in the CHIP program and the 100% federal funds will be reduced to 93.5% in federal fiscal year 2020 and reduced further, to 82% in federal fiscal year 2021. For Idaho's state fiscal year, this means that a blended rate is applied and for FY 2020, the budgetary impact is estimated at a \$6,840,800 reduction from federal funds.

**Medicaid Expansion:**

Included in the Affordable Care Act (ACA), federal funding splits were outlined in the bill itself. The Medicaid expansion program started with 100% federal funding and in accordance with the law, was reduced over the allotted time to 90% federal funding. The 90% is in effect today and unless the law is changed, the 90% will remain as the federal share; which means the state share will remain at 10%.

Administration costs will continue to be funded at 50% federal and 50% state with some programming exceptions at either 75%/25% or 90%/10% splits.

SOURCES: Kaiser Family Foundation, Federal Funds Information for the States, Idaho Department of Health and Welfare, and federal legislation.

## Governor's Recommendation for Medicaid Expansion

2/11/2019

Medicaid Expansion Costs (6 months)				
	General Fund	Millennium Income Fund	Federal Funds	Total
<b>COSTS</b>				
Medicaid Administration	\$0	\$259,700	\$492,600	\$752,300
Medicaid Expansion Plan Program	\$9,267,000	\$10,496,700	\$177,873,000	\$197,636,700
<b>OFFSETS</b>				
DHW - Adult Mental Health Services	(\$4,200,000)			(\$4,200,000)
DHW - Community Hospitalization	(\$1,000,000)			(\$1,000,000)
DHW - Substance Abuse Treatment and Prevention	(\$1,200,000)			(\$1,200,000)
Dept of Correction -Medical Services	(\$1,422,900)			
Dept of Correction -Substance Abuse Treatment	(\$1,444,100)	(\$1,039,100)		(\$2,483,200)
Net Total	\$0	\$9,717,300	\$178,365,600	\$189,505,800

	State Funds	Federal Funds	Total
<b>Annualized Cost Estimates</b>	\$39,527,400	\$355,746,000	\$395,273,400

*Note: The Division of Welfare will be able to use existing appropriation to implement and maintain eligibility changes.*